GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4007
ANSWERED ON:18.08.2000
UNIFORM FLOOR RATE OF COMMERCIAL TAX
Y.S. VIVEKANANDA REDDY

Will the Minister of FINANCE be pleased to state:

(a)whether the Union Government had warned the States and Union Territories that 25 per cent will be cut in their annual plan assistance if they will not implement the uniform floor rate of commercial taxes and submit a report by July 10,2000;

(b) if so, the details thereof and the names of States which have submitted the report and the States which have not complied with the orders ; and

(c) the action taken/ proposed to be taken against the State Governments which have not complied with the orders?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (V. DHANANJAYA KUMAR)

(a),(b) &(c) : In the Conference of Chief Ministersof States and Union Territories held on 16.11.1999, a consensus decision was arrived that all States and Union Territories will implement uniform floor rates of sales-tax. In a subsequent Conference of Chief Ministers on 22.6.2000, there was a consensus decision that non-compliance with respect to floor rates would lead to withholding of 25% of Central Plan Assistance for the concerned States/UTs. An Empowered Committee of9 State Finance Ministers constituted to monitor these reforms, have reported subsequently that all States and UTs have complied with the decisions. Hence, no action is proposed to be taken against any State Governments/UTs.